

Message Text

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PAGE 01 KINGST 02833 211751Z

43

ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 COME-00 TRSE-00 STR-08 INT-08

GSA-02 CIAE-00 INR-10 NSAE-00 RSC-01 L-03 RSR-01 /061 W

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R 211600Z AUG 73

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 2708

LIMITED OFFICIAL USE KINGSTON 2833

E.O. 11652: GDS

TAGS: EFIN, JM

SUBJECT: ALUMINA PRICING DISCUSSIONS

REF: KINGSTON 2744

1. EMBASSY IN RECEIPT OF AUGUST 20 LETTER FROM OFFICE OF
MINISTER OF FINANCE TO CHARGE WHICH CONFIRMS JAMNICAN
ACCEPTANCE OF U.S. PROPOSALS ON ALUMINA TRANSFER
PRICES. TEXT OF LETTER FOLLOWS:

2. BEGIN TEXT

DEAR MR. HEWITT,

I REFER TO THE LETTER DATED 30TH JULY 1973, ADDRESSED BY
MR. WARREN SLATER, FIRST SECRETARY, ECONOMIC AND COMMERCIAL
AFFAIRS, TO HON. G. A. BROWN, GOVERNOR OF THE BANK OF JAMAICA
CONCERNING THE PRESENT STATUS OF THE ALUMINA PRINCING ARRANGE-
MENT.

I AM DIRECTED BY THE MINISTER OF FINANCE TO REQUEST YOU TO
INFORM YOUR GOVERNMENT THAT JAMAICA ACCEPTS THE PROPOSALS
BPUT FORWARD BY MR. COHEN AT THE MEETING HELD IN WASHINGTON
ON 13TH MARCH, 1973, ESTABLISHING THE TRANSFER PRICES OF
ALUMINA FOR THE YEARS 1969-1973, AS FOLLOWS:-

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1969 1970 1971 1972 1973

U.S.\$77.00 \$77.00 \$77.00 \$72.80 AS AT 1ST JANUARY(LONG TONS)

\$73.92

AS INDICATED IN DISCUSSIONS WITH U.S. OFFICIALS JAMAICA'S ACCEPTANCE OF MR. COHEN'S PROPOSALS IS PROVISIONAL PENDING THE OUTCOME OF A FULL REVIEW OF THE ACCOUNTS OF THE ALUMINA COMPANIES.

IN RELATION TO THE ARRANGEMENTS FOR THE YEAR 1973 OUR UNDER-
STANDING WAS THAT MR. COHEN WAS NOT PROPOSING A PRICE OF \$73.92
PER LONG TON FOR THE ENTIRE YEAR OF 1973 BUT WAS PROPOSING
THAT THE PRICE OF \$73.92 SHOULD BE FIXED AS AT 1ST JANUARY
1973 SUBJECT TO ESCALATION BASED ON CHANGES IN COST COMPONENTS
TO BE AGREED UPON FOR INCLUSION IN A COST ESCALATION FOR-
MULA. WE WOULD EXPECT THAT A MEETING OF THE OFFICIALS OF
BOTH OUR COUNTRIES WOULD BE HELD AT THE APPROPRIATE TIME TO
EXAMINE THE ESCALATION FORMULA AND SUBSEQUENTLY TO REVIEW ITS
RESULTS.

YOURS TRULY,

SIGNED (MRS) G. GRAY FOR FINANCIAL SECRETARY UNQUOTE

END TEXT

3. LETTER BEING AIRPOUCHED DEPARTMENT ATTENTION ARA/LA/CAR
JAMAICA DESK OFFICER WILLIAM KELLY FOR TRANSMITTAL
TO NATHAN GORDON DEPARTMENT OF TREASURY. HEWITT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ALUMINUM, PRICE FIXING
Control Number: n/a
Copy: SINGLE
Draft Date: 21 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KINGST02833
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730825/aaaaasp.tel
Line Count: 91
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: KINGSTON 2744
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 24 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Jan-2002 by boyleja>; APPROVED <30-Jan-2002 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ALUMINA PRICING DISCUSSIONS
TAGS: EFIN, EMIN, JM
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005